

APPENDIX A – 2

Project Selection Processes

Programming Policies and Procedures for Federal Flexible Funds

MTC Resolution No. 3053

Date: February 25, 1998
W.I.: 51.2.10
Referred by: WPC
Revised: 05/26/99-C
10/27/99-C

ABSTRACT

Resolution No. 3053, Revised

This resolution outlines the policy and procedures to be used in programming federal flexible funds that will be made available with the Congressional Reauthorization of ISTEA in 1998.

Attachment A of this resolution was amended on May 26, 1999 to update policy and procedures to be used in programming federal flexible funds that have been made available by the Transportation Equity Act for the 21st Century (TEA 21).

Attachment A of this resolution was revised on October 27, 1999 to update policies with regard to second cycle STP/CMAQ programming for rehabilitation projects. Approval of this revision is contingent upon action taken at the special Work Program Committee meeting held October 27, 1999.

Further discussion of this action is contained in the MTC Executive Director's Memorandum dated February 13, 1998, May 14, 1999 and October 27, 1999.

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RE: Programming Policies and Procedures for Federal Flexible Funds

METROPOLITAN TRANSPORTATION COMMISSION
RESOLUTION NO. 3053 Revised

WHEREAS, the Metropolitan Transportation Commission (MTC) is the regional transportation planning agency for the San Francisco Bay Area pursuant to Government Code Section 66500 et seq.; and

WHEREAS, as the regional transportation planning agency, MTC is responsible for assisting in the programming of federal transportation funds; and

WHEREAS, the federal funding program for transportation authorized under the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), is subject to renewal in 1998; and

WHEREAS, it is anticipated that the renewal of the ISTEA funding program will retain most of the current flexible funding features;

WHEREAS, MTC desires to begin the planning and programming process in anticipation of the renewal of ISTEA; and

WHEREAS, MTC and project sponsors have reviewed the programming policies and procedures for federal flexible funds set forth in Attachment A to this resolution, attached hereto and incorporated herein as though set forth at length; therefore, be it

RESOLVED, that MTC approves the programming policies and procedures for federal funds as set forth in Attachment A; and, be it further

RESOLVED, that Attachment A is subject to modification to incorporate necessary changes required by the renewal of ISTEA when passed.

METROPOLITAN TRANSPORTATION COMMISSION

James P. Spering, Chair

The above resolution was entered into by the
Metropolitan Transportation Commission
at a regular meeting of the Commission held
in Oakland, California, on February 25, 1999

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Principles for Programming Federal Flexible Funds under ISTEA Reauthorization

I. INTENT

The federal flexible discretionary program will complement the investment decisions made as part of the 1998 State Transportation Improvement Program (STIP). Specifically, investment priorities described below will be used to develop a program for federal flexible dollars, guided by Regional Transportation Plan (RTP) principles, consideration of varying needs within the region, and investment needs that remain, county by county, after the 1998 STIP. Under ISTEA Reauthorization, flexible discretionary revenues are expected to be provided through the Surface Transportation Program (STP) and Congestion Mitigation and Air Quality (CMAQ) categories.

II. INVESTMENT PRIORITY PRINCIPLES

Federal STP and CMAQ funds are unique in their ability to address a large number of capital investment needs, due to their flexible eligibility criteria. Consequently, the region must rely on these funds to serve a wide variety of projects that would not be eligible for other funds. The following order of priorities is intended to allow MTC to adopt a federal program that will make a reasonable level of investment against a broad spectrum of demand.

- A. For federal flexible discretionary funds, two areas of investment must be provided for statutorily. First, the funding of transportation control measures (TCMs) will be a priority for the programming of CMAQ funds, to supplement the funding of TCMs, both state and federal, from other sources. Second, the funding of transportation enhancements (TEA) will be established through a mandated set aside through the STP program.

In addition to these statutory provisions, reauthorized ISTEA funds are required for prior STP commitments programmed in federal fiscal years 1997/98 and 1998/99 in the 1997 Transportation Improvement Program (TIP). Taken together, these requirements will be first priority for STP and CMAQ funds.

- B. 1998 STIP Fund Estimate levels and the relatively constrained programming that was evidenced through MTC's 1998 Regional Transportation Improvement Program (RTIP) reinforces the fact that capacity enhancement through physical expansion will be insufficient to address demands on the Bay Area transportation system. Consequently, system management strategies must be developed and implemented as part of MTC's federal discretionary investment program to maximize use of existing infrastructure. Such strategies should be designed to improve the use and safety of the existing multi-modal transportation system, in the most cost-effective manner possible

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- C. The Commission's adopted Transportation Land Use policy statement which emphasizes livable communities requires investment of regional discretionary/flexible fund sources to be relevant and viable. MTC and the Partnership must cooperatively develop that funding opportunity as part of the federal flexible funding program. In particular, community oriented strategies that may not be eligible for TEA funding will be a focus of federal flexible funding investment.
- D. Preservation and maintenance of the existing system—including local roads and transit—remains essential. Therefore, it will be a key component among the many objectives to be achieved in programming federal discretionary funds. In particular, flexible funds will be used to address maintenance and rehabilitation shortfalls that cannot be satisfied from other federal, state, regional, or local funding sources.
- E. Capacity expansion dominated the region's capital investment program in the 1998 STIP. Expansion will be considered as part of the federal flexible program only after it is determined that outstanding maintenance and management needs as outlined above are addressed either in the STIP/federal program or from other sources of revenue. Any investments made in capacity expansion with federal flexible funds should focus on the most cost-effective strategies available, given the limited resources available in the program.

III. PROCESS PRINCIPLES

- A. Statutory funding eligibility under the ISTEA flexible programs is collectively expected to be broader than that under the 1998 STIP. Consequently, a greater array of relevant stakeholders and project sponsors will expect to be actively engaged in the project level programming process. MTC and the Partnership must ensure that equal access to that process is provided for all participants.
- B. Within the framework of achieving the above investment principles, equity in terms of geographic distribution will be incorporated as part of the federal flexible funding programs.

IV. PROGRAMMING STRUCTURE — Cycle 1 Programming (FY 1998-2000)

To reflect and ensure the order of investment priorities discussed above, and to achieve a balance between geographically based return to source expectations and regionally needs which are not defined by or limited to county boundaries, the following basic distribution of federal and state funds would be established in the programming of federal flexible funds. The structure and current funding estimates for levels within the structure, are illustrated in Table 1.

- A. For transportation enhancement projects (TEA) as outlined in section II.A above, a set-aside will be reserved from available STP funds for a regionally competitive program. The amount will be dictated by levels set by reauthorization and appropriation levels set by Congress, to be split

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50%/50% between the federal flexible funding programmed at the regional level, and the Bay Area county shares established for the STIP.

- B. For the system operations and management investments outlined in section II.B and the community enhancement projects outlined in section II.C, a 25% set aside of the combined total of available STP and CMAQ funds will be established for a regionally competitive program. Within these investment categories, projects that qualify as TCMs will be given additional priority for CMAQ funding.
- C. Of those funds remaining after providing the TEA reserve and 25% regionally competitive program, 85% of that amount will be distributed on a return-to-source, county population basis, for the following purposes, in priority order:
 - 1. Prior 1997 TIP programming commitment listed in section II.A above
 - 2. Outstanding 1998 STIP funding commitments to the multimodal BART and Caltrain projects.
 - 3. At the discretion of the county, any system operation/management or community enhancement projects that cannot be accommodated in the 25% regional discretionary program established in IV.B.
 - 4. Preservation and maintenance of the existing system, as listed in section II.D above.
 - 5. Cost-effective capacity expansion listed in section II.E above, only after establishing that preservation and maintenance needs have been addressed through the federal flexible program, or other federal, state, regional or local fund sources.

The remaining 15% of funds will be used as an adjustment factor in this return to source category, to address multi-county distributions, small county share limitations, or other concerns.

- D. For all of the programming categories outlined in section IV, project specific selection, evaluation and ranking criteria must be established.

V. PROGRAMMING STRUCTURE — Cycle 2 Programming (FY 2001-2003)

To reflect and ensure the order of investment priorities discussed above, and to achieve a balance between geographically based return to source expectations and regionally needs which are not defined by or limited to county boundaries, the following basic distribution of federal and state funds would be established in the programming of federal flexible funds for the 2nd cycle of programming. The structure and current funding estimates for levels within the structure for this cycle of programming are illustrated in Tables 2 and 3 attached.

- A. Federal Surface Transportation Program funds (STP) — estimated to amount to \$141.3 million — will be programmed by county Congestion Management Agencies based on the relative share of each county's population to that of the total population of the nine counties, consistent with the system rehabilitation purposes as outlined in Section II.C and Section II.D above.

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B. Federal Congestion Mitigation and Air Quality funds (CMAQ) funds — estimated to amount to \$173 million — will be programmed as outlined in B.1-4 below. The Commission may exchange STP and CMAQ funds to address eligibility issues within the overall 2nd cycle program. The second cycle CMAQ program would focus on four areas, listed below in priority order:

1. Approximately \$43 million in CMAQ funds will be reserved for continuation of Regional Customer Service projects (e.g. TransLink, TravInfo) to be selected by MTC;
2. Approximately \$15 million in CMAQ funds will be reserved for continuation of the regionally competitive Transportation for Livable Communities (TLC) program;

These first two program areas continue the systems operations and management emphasis of the 1st cycle STP/CMAQ program, as outlined in Section II.B and C above. Within these investment categories, projects that qualify as TCMs will be given additional priority for CMAQ funding.

3. Corridor management projects;

Approximately \$53 million in CMAQ funds will be reserved for Corridor Management Projects. These funds will be distributed to counties, by population share, for the CMAs to program corridor management projects according to guidance and criteria to be developed with the Partnership Planning and Operations Committee, reviewed by the Partnership, and subsequently adopted by the Commission. The criteria will include specific direction regarding instances under which a county may make a determination that it has no corridor management needs that can be reasonably met with funds made available in this section. In this case, the county may program the funds to system rehabilitation projects in a manner consistent with Section II.C and II.D above. The Commission will determine whether a county CMA has fully complied with the criteria prior to approving this element of the STP/CMAQ program.

4. Multi-county regional transit projects.

The remainder, approximately \$62 million in CMAQ funds, will be reserved for multi-county/regional transit projects. The emphasis will be on multi-county transit projects, followed by rail projects of regional significance. Programming capacity would be split on a formula basis, with the San Francisco/Oakland, San Jose, and the small urbanized areas (UZA's) each receiving an amount equivalent to its pro rata share of their combined Section 5307 apportionments. These apportionments are: SFO/OAK UZA 75.39%, SJUZA 19.93%, five small UZA's total 4.68% as follows (Fairfield 0.74 %, Napa 0.59 %, Pittsburg/Antioch 1.15 %, Santa Rosa 1.59 %, Vacaville, 0.61 %). However, MTC would have discretion over the programming of these funds based upon criteria established for the transit rehabilitation or system management emphasis areas retained for the 1st cycle programming of STP and CMAQ funds. For the five small urbanized areas, flexibility is allowed to program the funding to transit projects outside of the UZA boundary, but within the county in which the UZA lies.

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TABLE 1
Federal flexible Funds
25% Regional Discretion/ 75% Return to Source
(figures in millions of \$)

	<u>Region</u>
<i>REVENUES</i>	
STP/CMAQ revenue (1)	<u>\$630.3</u>
<i>REGIONAL COMPETITIVE PROGRAMS</i>	
25% Reg Discretionary Reserve (2)	\$157.6
TEA reserve (3)	\$18.6
Subtotal Regional Reserve: (<i>Investments II.A,B,C</i>)	<u>\$176.2</u>
Rev. Balance	\$454.1
<i>85% RETURN TO SOURCE</i>	<u>\$386.0</u>
1997 TIP Program Commitments (<i>Investment II.A</i>)	[\$ 99.9]
BART/Caltrain STIP commitments	[\$ 16.5]
<i>Subtotal w/o Rehab</i>	\$116.4
Balance for Rehab/other (4) (<i>Investments II. D,E</i>)	[\$269.6]
<i>15% ADJUST. RESERVE- return to source</i>	<u>\$ 68.1</u>

Notes:

- (1) Revenues are estimated for 6-year period federal FY 97/98 to 2002/03.
These will have to be adjusted once Congress completes the reauthorization of ISTEA.
- (2) 25% reserve calculated on STP/CMAQ estimate; for regionally competitive projects, tentatively divided to include \$5 million per year target for community enhancement projects and the remainder for system operations, with CMAQ priority assigned to TCMs in these categories.
- (3) The TEA reserve in STP is regionally competitive; the companion STIP TEA is return to source based.
- (4) All counties would be required to address identified transit and local streets and roads rehab needs as priority before other needs, including expansion.

table 2 Chart 4

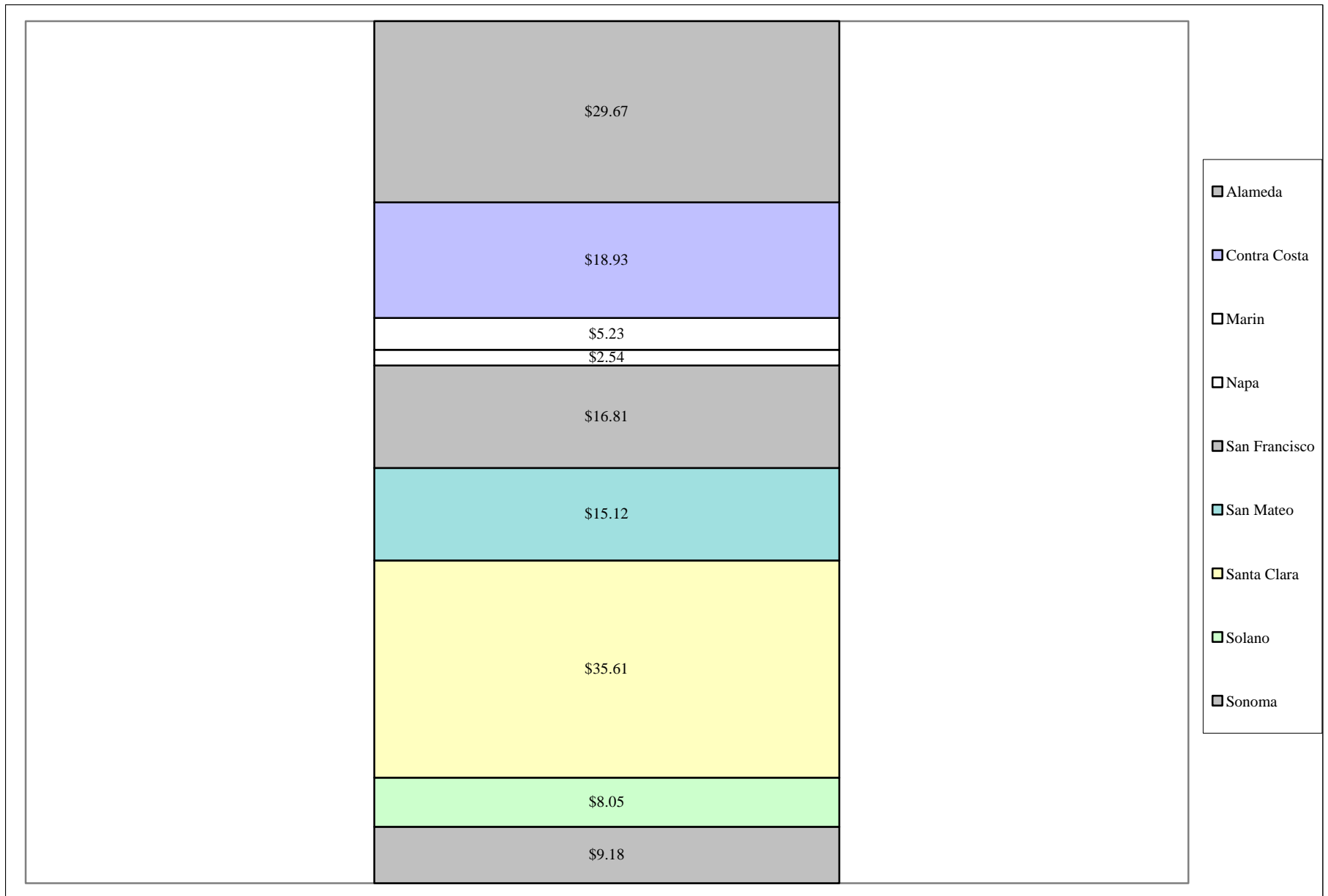


TABLE 3
 Proposed Distribution of Cycle 2 - CMAQ
 Total Funds Estimated: \$173 million

